



**State of Utah**

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# Insurance Department

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## **Sharing a Ride, But Not Insurance: Ridesharing Drivers May Face Insurance Coverage Gap.**

You may have seen cars sporting fuzzy pink mustaches in your city, or maybe you've thought about using your own vehicle to make some extra money giving rides. Ridesharing services, such as Lyft, Sidecar and UberX, are popping up across the country and becoming an increasingly popular way for people to earn money. However, state insurance regulators have concerns about potential gaps in insurance coverage. The Utah Insurance Commissioner, Todd E. Kiser, urges consumers to consider the following tips before picking up their first passenger.

### **Understanding Ridesharing**

For the purposes of this consumer alert, 'Ridesharing' is used to describe the practice of driving for hire using an online-enabled platform to connect drivers—who are using their personal vehicles—with passengers.

Ridesharing uses mobile technology to connect passengers to drivers. Instead of hailing a cab from the curb or calling an 800 number, consumers download an app to their smartphones that allows the customer to request a ride. The app also allows users to get price quotes for their trips, track the driver's location, and to pay their fare using a credit card on file.

These services are provided by transportation network companies (TNCs). The three major TNCs are UberX, Lyft and Sidecar, although more TNCs are joining the market. TNCs allow drivers to use their personal vehicles (with personal lines auto insurance) to transport passengers and earn extra income.

### **Protect Yourself as a Driver**

As ridesharing becomes more popular, state insurance regulators have grown increasingly concerned about the insurance implications of ridesharing for consumers and the TNCs. The main issue is a possible gap in insurance coverage between the driver's personal automobile insurance policy and the TNC's commercial policy.

Before driving for some TNCs, a driver must prove that they have a valid personal auto policy. In addition, the major TNCs have policies on their drivers that include commercial auto, liability, and collision coverage; some TNCs also offer uninsured/underinsured motorist coverage. Check out [Insure U](#) for help understanding the different types of auto insurance coverage.

Most standard personal auto insurance policies list exclusions for livery, or using your personal vehicle to transport passengers for a fee. Some policies may go even further and list exclusions for when the driver is available for hire. Other policies may be silent concerning coverage during

the period when the driver has engaged the app and is looking for passengers, but has not picked up a passenger. Drivers should not assume the lack of a specific exclusion means they have coverage. Insurance regulators have noticed possible gaps in coverage where a TNC driver may not be protected in the event of an accident. In some cases, it is unclear if a driver's personal auto insurance or the TNC's commercial insurance is expected to cover an accident.

### **Understand What's Covered**

Before signing up to drive for a TNC, talk to your insurance provider about what your personal policy may cover if you are involved in an accident. Be aware that some providers may not insure you if you choose to conduct commercial business with your personal vehicle. Others may offer to provide coverage for additional premium. You will also want to ask the TNC questions about its commercial policy. Some questions you should ask include:

- How much liability insurance does the TNC provide while I'm transporting a passenger? Is it enough?
- Will I be charged a deductible? If so, how much?
- Is the commercial liability insurance coverage my main source of coverage, or is it supplemental to my personal auto policy?

Find out what is covered by the TNC's commercial policy if you are involved in an accident in each of the following circumstances:

- You are available for hire (logged into your ridesharing app) but not transporting a passenger.
- You are logged into your ridesharing app and transporting a passenger.
- You are unavailable for hire (not logged into your ridesharing app) and not transporting a passenger.

Depending on the TNC you drive for, you may need to consider buying a commercial policy that provides liability insurance as well as comprehensive, collision, medical payments, and uninsured/underinsured motorist coverage. This will ensure that you are properly protected if you get into an accident while you are driving for hire.

### **Workers' Compensation**

As a driver, if you are acting as an employee, make sure that your employer is providing workers' compensation coverage. If you are acting as an independent contractor for a TNC you will need to be responsible for your own worker's compensation policy.

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